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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 90-209-C - ORDER NO. 90-1035

OCTOBER 23, 1990

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| IN RE: Application of Advanced |) ORDER GRANTING |
| Telecommunications Corporation for |) CERTIFICATE OF |
| a Certificate of Public Convenience |) PUBLIC CONVENIENCE |
| and Necessity |) AND NECESSITY |

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on May 15, 1990, by Advanced Telecommunications Corporation (the Company or ATC) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a non-facilities based telecommunications reseller incorporated in the State of Delaware and is publicly traded on the National Market System.

The Application was filed under the provisions of S.C. Code Ann. Sections 58-9-10(6) and 58-9-280 (1976), as amended. The Application was duly noticed to the public and a Petition to Intervene was filed on behalf of Southern Bell Telephone and Telegraph Company (Bell). A public hearing as to the matters asserted in the Application was held in the Hearing Room of the Commission at 111 Doctors Circle at 11:00 a.m., on Tuesday, October 2, 1990, before the Commissioners, with Chairman Marjorie

Amos-Frazier presiding. John Beach, Esquire, appeared on behalf of the Company; Harry Lightsey, III, Esquire, appeared for Bell; and Marsha A. Ward, General Counsel, appeared on behalf of the Commission Staff.

The Company presented the testimony of Brian Sulmonetti, Manager of Regulatory Affairs for the Company. Mr. Sulmonetti outlined the Company's legal, financial and managerial qualifications, and technical capabilities and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. He testified that ATC is the sixth largest carrier in the nation, the second largest carrier in Florida, having been in business for seven years. Its executive management is both capable and experienced in running a long distance carrier. ATC provides service to over 270,000 business and residential customers in seven states, with service to points throughout the United States and to more than 145 foreign countries. Its revenues for 1990 are now approaching \$360 million. He informed the Commission that though ATC is opposed to any type of compensation other than access charges to Local Exchange Carriers (LEC), ATC will abide by the Commission's rulings in this regard. He further testified that the Company is only seeking interLATA authority from the Commission and introduced the Company's proposed tariff in this matter.

Bell introduced the testimony of Mr. C.L. Addis, Staff Manager, Regulatory Matters for Southern Bell Telephone and Telegraph Company. Mr. Addis testified that the Company should be subject to the exact terms, conditions, and limitations imposed by

the Commission on every other carrier providing long distance services in South Carolina. These conditions require the blocking of intraLATA calls so as to protect the flow of intraLATA revenues to the local exchange subscriber. He urged that the Company be compelled to compensate Bell should the Company incidentally or accidentally complete intraLATA toll type service when functioning as a reseller in accordance with the Commission's Order No. 86-793 in Docket No. 86-187-C. Bell contends toll compensation was intended only for the unauthorized carriage of incidental or accidental toll traffic and was not designed to allow full-time handling of intraLATA calls. Therefore, Mr. Addis testified that the Company should be required to block or screen and hand off all operator handled calls within the LATA.

After consideration of the record in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. Advanced Telecommunications Corporation, a publicly traded Delaware corporation, is a non-facilities based reseller of interexchange telecommunications services, which seeks to provide resale interexchange telephone service in the State of South Carolina.

2. Consistent with our intent to encourage greater competition in the interexchange marketplace as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that the certification of the Company will increase the variety of available carriers.

3. The Company herein has shown itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

4. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.

5. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts a rate design for the Company which includes only a maximum rate level for each tariff charge.

6. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate

provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of S. C. Code Ann. Section 58-9-540 (Cum. Supp. 1989).

7. The Company should file tariffs consistent with the Commission's Rules and Regulations pertaining to telecommunications utilities and to reflect the findings herein within thirty (30) days of the date of this Order.


8. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service, and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

9. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

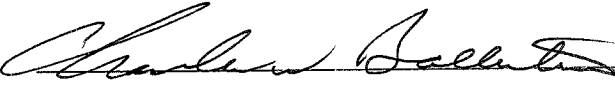
10. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports is as set out in Attachment A, hereto.

IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission are hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:



Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).